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Canada, Capital and Corporal
Punishment and Lotteries, Joint
Committee of the Senate and the
House of Commons on, 1953-54

FIRST SESSION—TWENTY-SECOND PARLIAMENT
1953-54



Joint Committee of the Senate and the House of Commons

ON

CAPITAL AND CORPORAL PUNISHMENT AND LOTTERIES

Joint Chairmen:—The Honourable Senator Salter A. Hayden
and

Mr. Don. F. Brown, M.P.

MINUTES OF PROCEEDINGS AND EVIDENCE

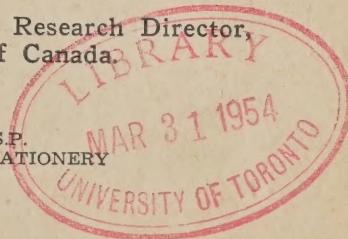
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THURSDAY, MARCH 18, 1954

WITNESS:

Mr. Leslie E. Wismer, Public Relations and Research Director,
The Trades and Labor Congress of Canada

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
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Hon. Paul Henri Bouffard
Hon. John W. de B. Farris
Hon. Muriel McQueen Fergusson

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Mrs. Ann Shipley
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Mr. Phillippe Valois
Mr. H. E. Winch

A. SMALL,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, March 18, 1954.

The Joint Committee of the Senate and the House of Commons on Capital and Corporal Punishment and Lotteries met at 4.00 p.m. The Joint Chairman, Mr. Don. F. Brown, presided.

Present:

The Senate: The Honourable Senators Fergusson, Hodges, and McDonald.
—(3)

The House of Commons: Miss Bennett, Messrs. Boisvert, Brown (*Brantford*), Brown (*Essex West*), Cameron (*High Park*), Dupuis, Fairey, Fulton, Lusby, Mitchell (*London*), Murphy (*Westmorland*), Shaw, Thatcher, Winch, and Mrs. Shipley.—(15)

In attendance: Mr. Leslie E. Wismer, Public Relations and Research Director, The Trades and Labor Congress of Canada; Mr. D. G. Blair, Counsel to the Committee.

On motion of the Honourable Senator McDonald, the Honourable Senator Muriel McQueen Fergusson was elected to act for the day on behalf of the Joint Chairman representing the Senate due to his unavoidable absence.

The Committee noted with pleasure the presence of Mr. Percy R. Bengough, President of The Trades and Labor Congress of Canada.

Mr. Wismer was called, presented a brief on behalf of The Trades and Labor Congress of Canada favouring certain lotteries in Canada, and was questioned thereon.

On behalf of the Committee, the Presiding Chairman thanked the representatives of The Trades and Labor Congress of Canada for their representations.

The witness retired.

At 5.20 p.m., the Committee adjourned to meet again at 11.00 a.m., Tuesday, March 23, 1954.

A. SMALL,
Clerk of the Committee

EVIDENCE

THURSDAY, March 18, 1954,
4.00 p.m.

The PRESIDING CHAIRMAN (*Mr. Brown, Essex West*): Ladies and gentlemen, if you will come to order a motion will now be in order to appoint a senator as acting co-chairman for the day.

Hon. Mr. McDONALD: As co-chairman Hayden is absent, I move that Senator Fergusson take Senator Hayden's place.

The PRESIDING CHAIRMAN: All in favour?

Carried.

The PRESIDING CHAIRMAN: Senator Fergusson, will you come forward please.

(At this point Hon. Senator Fergusson took the chair as co-chairman.)

The PRESIDING CHAIRMAN: Ladies and gentlemen, you have before you the brief of the Trades and Labor Congress which has been circulated among the members of the committee. If it is in order this will be printed as part of today's meeting.

Agreed.

The PRESIDING CHAIRMAN: We are fortunate today in that we have appearing before us Mr. Leslie E. Wismer, Director of Public Relations and Research, Trades and Labor Congress of Canada. We also have before the committee an unexpected visitor and we are honoured in having him, Mr. Percy Bengough, President of the Trades and Labor Congress of Canada. Would you like to say a word, Mr. Bengough?

Mr. PERCY BENGOUGH: I would just like to thank you for your remarks. Mr. Wismer will make the presentation.

The PRESIDING CHAIRMAN: Would you care to make your presentation, Mr. Wismer, and submit yourself to questions afterwards. Members of the committee know, of course, that it is customary to refrain from asking questions while the brief is being presented.

Mr. Leslie E. Wismer, Director of Public Relations and Research, Trades and Labor Congress of Canada, called:

The WITNESS: Do you desire that I read the brief?

The PRESIDING CHAIRMAN: If that is the pleasure of the committee.

Agreed.

The WITNESS: Mr. Chairman and members: the Trades and Labour Congress of Canada is pleased to have this opportunity of appearing before your committee and of placing our views before you on the subject of lotteries.

In the annual memorandum of our congress, which was presented to the government of Canada in December last, we requested that certain changes

be made in the Criminal Code with respect to lotteries. At that time we urged that "The \$50 limit be maintained on draws sponsored by organizations, but at the same time that authority be given to the provincial attorneys general to grant permits to responsible groups such as service clubs and labour organizations to conduct draws for amounts as large as the provincial governments see fit."

We would like to stress with your committee that, in making this request for this particular change in the law governing the holding of raffles and draws, we are not asking for any general relaxation of the law governing lotteries. We would not like to see any change in the law which would allow rackets to develop or give any aid or comfort to those who are inclined in this direction. Our affiliated membership, however, desires the change we are recommending in order that responsible voluntary organizations may make greater use of raffles and draws in the raising of money for necessary and useful projects.

Such a change would not, in our opinion, weaken the general provisions of the Criminal Code in regard to gaming and betting. On the other hand, the change we are recommending would allow sufficient latitude in each province and in each particular case as to make it possible for the appropriate attorney general to deal effectively with the matter. In this way, we believe, any extensive use of the new provision could be easily restricted to responsible organizations.

The above recommendation, however, is not the most important matter which we wish your committee to consider in relation to lotteries.

In our annual memorandum, presented to the cabinet last December, we also asked that "the Criminal Code be amended to allow government-sponsored lotteries in Canada".

In making this recommendation to your committee, we would like to remind you that Canadians generally seem to like lotteries. If one is to assess the situation from the interest that is taken in lotteries emanating from other countries, and in which many Canadians seem to participate legally or otherwise, it may be assumed that lotteries are very popular. At the same time risk-taking in other forms is widely endorsed in Canada.

We are urging your committee to recommend a change in the Criminal Code which will provide for the federal government sponsoring national lotteries in Canada for two main reasons. First, we believe that the widely expressed desire of Canadians to participate in lotteries should be recognized and steps taken which will make it possible for our people to participate in lotteries legally, and secondly, we believe that this form of raising revenues is sound and proper, if administered efficiently and objectively.

We would suggest to you that there are ways of attaching safeguards to a national lottery, but that these are only possible if the lottery is handled entirely by the federal government or through an agency established by the federal government for this purpose. The prizes offered should be large enough to attract widespread participation in such a lottery, but they should not be so great as to have the effect of establishing a relatively small group of new rich in each year. In other words, there should be less emphasis upon a small number of very large prizes and more upon the provision of a relatively large number of smaller prizes. In our opinion, the prizes should all consist of cash, and they should be subject to income tax.

We suggest that such lotteries should not be attempted for any specific purpose. In our opinion, a national lottery or lotteries would defeat the purpose if the revenue received were to be earmarked for any special projects. The money received, less administrative expenses and prizes, should all be placed in the consolidated revenue fund for the general purposes of government.

We further suggest that such national lotteries should be open to public subscription as often as feasible. The reason is that in this way the public desire for some type of gaming could be exercised legally with the proceeds of the lottery being filtered into the public treasury for the general use of Canada and Canadians. In this way, too, we believe, the activities of those, who would minister to the desires of those who wish to take risks in this form, would be curtailed.

Put another way, we are not recommending that our laws be amended to provide for the legalization of gaming in the broad sense, but at the same time we believe that to continue to legislate frustration in this regard is merely to ignore the existence of such habits and to force such activities underground. It is not our desire to enter into an argument on this matter from a moral point of view. Our purpose is to suggest practical ways in which the people's desires and habits can be recognized and the results of these activities be turned to the national advantage. We therefore specifically recommend:

1. That a sub-paragraph be added to paragraph (b) of sub-clause 8 of clause 179 of bill 7 which would give the right to a provincial attorney-general to grant permits to responsible organizations such as service clubs and labor organizations for the holding of raffles and draws up to any amount which in the opinion of the attorney-general were reasonable as to amount and purpose for which the money was to be raised; and
2. That an additional paragraph (e) be added to sub-clause 8 of clause 179 of bill 7 providing that the Governor in Council can initiate directly, or through an agency of the government of Canada established for the purpose, a national lottery and take any necessary steps to see that all participants in the lottery have equal opportunities in this respect, and that all of the proceeds, after the defrayment of administrative expenses and the disbursement of prizes, shall become the property of the consolidated revenue fund.

We would remind your committee that these two recommendations which we are placing before you to-day represent the wishes of our affiliated membership, and arise from resolutions which have been approved by our annual convention. We hope that they will have your careful consideration and approval.

Respectfully submitted on behalf of the Executive Council of the Trades and Labor Congress of Canada.

March 18, 1954.

The PRESIDING CHAIRMAN: Now you have heard the brief, ladies and gentlemen. I presume we will follow the usual practice of interrogation by starting at one end of the table and going to the other allowing each person to have an opportunity of asking questions.

Mr. Fairey.

Mr. FAIREY: I have no questions.

The PRESIDING CHAIRMAN: Mr. Winch.

By Mr. Winch:

Q. I have only one question at the moment, Mr. Chairman. I presume that as this submission is made it is as a result of decision of a national convention of the unions that are affiliated with the Trades and Labor Congress of Canada and that very serious thought has been given to all the implications of establishing a lottery system in Canada. That is my impression from the fact that this presentation has been made. That then brings me to a question

which I would like to ask. I am only dealing now with that aspect which deals with a national lottery under government supervision. In the brief it says that the government shall take a share of the moneys received and that shall go into a consolidated revenue fund. The first query that comes to my mind there is: has the national executive of the Trades and Labor Congress of Canada given any thought as to what should be the percentage or share? And, following on that thought, at the end of the brief it says that any prize money that is paid out shall be subject to income tax. Now, in a division of the prizes that are recommended what does the national executive of the Trades and Labor Congress have in mind as to what those amounts of prizes shall be? The reason I raise the query in this way is this: on the presentation of the money paid in on lotteries immediately there shall be a percentage paid into the consolidated revenue fund and any prize money paid out shall be subject to income tax, then under the income tax regulations as they are today if there is an appreciable amount—shall we say \$10,000 or \$20,000 as prizes—it strikes me immediately—and I am asking it as a question—

The PRESIDING CHAIRMAN: I was wondering if you were asking a question.

By Mr. Winch:

Q. —that the majority of all the moneys collected directly or indirectly is merely going to mean another taxation on those who want to invest in lotteries because the majority as I see from your presentation is not going to go to those who spend money on lotteries, it is going to go into the consolidated revenue of Canada directly or indirectly as taxes.—A. Mr. Chairman, I thought I noted a question at the beginning, as to whether or not the amount of the prizes had been considered by the executive council of the Trades and Labor Congress, and the answer to that is no. Then I think there was another question as to the consideration of there being any part of the collections under a national lottery remaining in the consolidated revenue fund over and above expenses and the prizes paid out. There has been consideration of that matter and we believe that that should be. As to the amount of taxation, it is the opinion of the congress that the prizes should be taxable in the same way as other income is taxable. If you did not tax the winner how could you justify taxing the loser? We believe that to create a national lottery and allow wind-fall payments completely free from income tax would be entirely unwise. The question is, how much of the total money collected in the lottery would remain, after it is wound up, in the consolidated revenue fund? That is of course a matter of reasonably simple arithmetic I would say.

Q. That being the case, would you agree that by far the majority of the money spent or invested in a government lottery under your presentation would end up with the government and not with the persons participating?

—A. No.

Q. Why?—A. I think we could make it fairly clear to the committee, Mr. Chairman, if I suggest it this way, that it is a matter of easily establishing what the administration costs, or the promotional cost of the lottery, would be: selling the tickets and accounting for the money, that naturally will have to be defrayed against the contributions which are made to the lottery. It will not be difficult to establish how much the total amount of the prizes to be paid out would be.

Q. Most of the residue then is to be divided into prizes?—A. Then the difference in the administration cost and whatever you would say would be the total amount of prizes to be paid could quite easily, I think, be related to the amount to be left in the consolidated revenue fund, and the approximate amount which will come back as a matter of income tax payment, depending of course, on the type of person who happens to win.

By Hon. Mrs. Hodges:

Q. I have read your brief with a very great deal of interest and I notice that the Trades and Labor Congress suggests a national lottery as well as lotteries in the provinces giving the right to the provincial attorneys general to grant permits to responsible groups such as service clubs and labour organizations to conduct draws, holding of raffles, etc. It seems to me—and I would like to ask—does not that suggest to you that your idea is that this country is going to be flooded with lotteries in addition to Irish sweepstakes and other lotteries? How would you govern the number of lotteries in the provinces?—A. I suggest to you that they are not quite as extensive as that. Under section 179 you will notice that the only raffles or draws which are actually to be legal in Canada are tiny affairs in which the maximum limited prize is \$50. We are all aware that many a motorcar is raffled off and that there are all sorts and descriptions of schemes in this country, on the air and on the ground, by which you can win something, all indicating great interest in the matter by the public in gambling of this sort. Our first proposition arises from this problem: we have some 70 central councils in Canada located in cities and major industrial areas in Canada in every province, and they find it useful perhaps once a year, possibly around labour day or around Christmas time, to hold raffles as part of a further celebration in which they are able to raise money for some charitable purposes, and they are greatly restricted by the law as it now stands unless they use these tricks which other people do to raffle off motorcars in spite of the law. Our national convention sought to have the executive council place this proposition before the cabinet and now before this committee that there should be a way in which such responsible organizations who have time in which to raise the money could be authorized in some way to have a raffle in which the total take would be a larger amount of money, and we are suggesting it might be possible to allow a provincial attorney general to look at the individual case and if there is to be a lottery say what it should be. We are not suggesting that that should be a cash proposition. These are raffles where there would be merchandise given away.

Q. I notice in your brief that you are not concerned with the moral point of view. Do you think that the increase of these avenues of easy money—“get rich quick”, “something for nothing”—are a good thing for Canada from labour's point of view?—A. Well, I would like to answer your question in this way: I cannot see very much wrong with it. I am not arguing in favour of getting money easily—

Q. The promoters get the money easily.—A. What I want to say is this, that it seems part and parcel of most peoples lives to take chances and they rather like to be involved in some sort of a scheme in which there is a chance of winning. They seem to do that naturally. There seems to be great interest in it, and it seems to us we might better recognize that fact and allow such things to go on legally rather than drive them underground.

Q. You do not think we will have such a raft of raffles and lotteries, by asking for the provincial attorneys general to give dispensation for such things, that they will exploit that very human appeal?—A. I would like to suggest to the committee that if you were to go along with the suggestion and make it possible for provincial attorneys general to legalize certain lotteries or raffles or draws, I think you could put a lot more authority in his hand to correct some of the abuses where you have a large number of these things going on which as far as I can see are completely unlawful.

Hon. Mrs. HODGES: Thank you.

By Hon. Mr. McDonald:

Q. Senator Hodges has really asked the question that was in my mind. I would like to say this, that among the people whom I have talked with regarding lotteries there seems to me to be a feeling that they are very difficult to control at the present time and they are afraid that if lotteries were legalized that it would be very difficult to control them all and that the country cannot afford it; that a lot of these people who would be going into lotteries and buying the tickets perhaps might be the people who should not be spending their money that way; and they point out to me that Canada has made many advances, we have become a great nation under the policy of fair compensation for honest service rendered. Now, if we were to legalize lotteries are we not getting away from that?—A. It may be true, Mr. Chairman, that the hon. senator's suggestion is a very correct one, except that I think it does not take into account one other thing which is that there is an enormous amount of this sort of thing going on all the time which apparently is completely illegal unless it has some strange little twist to it that you are supposed to give: what is the name of the provincial capital or something like that? who is the mystery voice? Most obvious questions are asked in order to overcome the illegality of giving away something for nothing. If you allow responsible people to raise money easily for good sound projects and do it in a way which the public seems to like, and at the same time if you allow that to be legal you would find ways and means of restricting these other things which are doing exactly what you suggest, sir, attracting the people who have the least time and money to put into this thing who are putting the most into it.

By Mr. Lusby:

Q. I would take it that you think one of the objectives of this national lottery would be the raising of revenue?—A. Yes.

Q. And I think your brief did mention that that privilege be exercised by the federal government and also be allowed to the provincial governments?—A. Only to the federal government.

Q. How would you justify not extending that to all taxing bodies in the country? Why should not provincial governments, or towns or municipalities, have the right to raise revenues?—A. We do not suggest that the only reason for putting the national lottery into effect is the raising of money. That is only one of the reasons. It has never been suggested that we recommend anything further than a national lottery; never any suggestion that there should be provincial or municipal lotteries. Perhaps the reason for it is that those who have talked about it and thought it through think it would be far better to have it on a national scale so there would not be a multiplicity of this sort of thing going on.

Q. It seems to me that that would probably lead to a good deal of pressure. If the federal government assume that privilege it seems to me that the provincial governments, towns and all other taxing bodies would immediately think that they should have that privilege too. I take it from what you say you would think it would not be desirable to allow a large number of bodies to exercise this privilege?—A. No. I do not think we would like to leave the idea with the committee that you are going to find a new way of raising revenues and can stop thinking of raising taxes.

By Mr. Dupuis:

Q. Referring to recommendation number one, page three, I see that you suggest that the right be given to provincial attorneys general to grant permits to responsible organizations such as service clubs and labour organizations for the holding of raffles and draws up to any amount which in the opinion of the

attorney general were reasonable as to amount and purpose for which the money was to be raised. I understand that you still limit the prize to an article, not to a sum of money?—A. That is right.

Q. The amount now is \$50, but it is \$50 in articles or goods?—A. Yes.

Q. Not a sum of money like \$50 in cash?—A. That is right.

Q. And then you suggest that the attorneys general be given the privilege of granting permits to responsible organizations. What would happen in a case where a national organization did make a draw: do you think in a situation like that there would be a conflict of power between the provincial governments and the federal to determine who should hold these raffles and draws of any sort? Do you not think there would be a conflict of authority, in the case of a national wide organization, with the provinces?—A. I might suggest to you that we believe that when parliament finally passes this law, the Criminal Code, its administration then becomes the business of the attorneys general of the provinces, and under this section there seems to be one small paragraph there giving the right for raffles up to \$50; that is all that is legal. To meet the needs as expressed by our people for draws in cities across the country it is suggested that enough authority be granted to the individual attorneys general to look at an application, what the purpose of the draw is, what the money raised would be used for, and how much value in prizes they wish to give out to attract the contributors, and that they be able to issue a permit if they feel justified in the situation. It would not have anything to do with any other province. It would be a case within each province.

Q. Do you suggest that in granting permits the province should fix even the amount? Do you not think that, as in the Code as it presently stands, the amount to be fixed should be mentioned in the Code instead of leaving it to the liberty of the attorney general to decide?—A. If you are going to do that, we would have to suggest that \$50 is much too low.

Q. I believe it is too low, but I think it would be right to specify the amount because there might be a disguised lottery in a province. For instance, it might sound ridiculous, but you might put as a reward 10 houses worth \$20,000, and that would raise the amount to \$200,000. That would mean a disguised lottery, in my opinion. That amount actually specified there in the Code should be equally specified from now on, if you increase it. It should be limited to a certain reasonable amount. Is that your opinion or not? Do you find that there could be a danger of having a disguised lottery by not specifying an amount in the Code?—A. I would like to say a word on that: it was considered by our people as very important that we stress with you that we do not want simply to open it up, that is by lifting the amount, allowing any organization the right to hold these raffles, and increasing the possibility of racketeering and that sort of thing, but rather that this sort of thing can only be done by what would be considered in any province responsible voluntary organizations seeking to raise funds for charitable purposes and that sort of thing.

Q. Maybe I do not express myself very plainly. What I meant to say was: Would you be in favour of what I asked a while ago—you are not forced to answer me, of course—of limiting that amount precisely for the reasons I have given, because there would be a danger in some province of having disguised lotteries if that amount is not specified in the Code as it is now?—A. I think that is true, but I think that in limiting the amount we should keep in mind the fact that motorcars sell at between \$2,000 and \$3,000, that the sort of prizes which attract people in these things nowadays would require certainly not \$50 or \$100. It would have to be up to \$5,000 or something of that sort, considering the present level of prices of commodities of that type.

Q. But you believe that the amount should be specified in the Code, as it is now?—A. It probably would be necessary from that point of view.

By Mr. Brown (Brantford):

Q. Mr. Wismer, I have not your typed submission in front of me, but I understand that in that submission you were in favour of repealing the section limiting the amount to \$50, but limiting any prizes to the amount of \$50 and requiring that anything in excess of that would have to be approved by the attorneys general?—A. That was the way we sought to get at this, because we did not want just to open it up all across the country.

Q. If it were put in that form, would it not mean tremendous pressure on the attorneys general from all manner of groups and organizations which would cause a tremendous amount of work in the offices of the attorneys general? What is your view on that?—A. It would seem to me that if you put in this additional subparagraph and, if you like, go along with a fixed limit on how large it could be for these specific types of draws or raffles, you might have a flurry at the beginning, but it would seem to me that once it has settled down organizations would know what was acceptable to the attorney general in that specific province, as to the type of organization that would get such a permit and the sort of purposes for which he would grant a permit. It would become rather routine after the first flurry.

Mr. DUPUIS: May I give an answer which would probably be of profit to the committee and my hon. friend here. In this case here, when we have draws in the city of Montreal, for instance, and the amount is limited to \$50, the city of Montreal has the right to pick whatever organization would be entitled to make such draws.

The PRESIDING CHAIRMAN: Mr. Brown?

Mr. BROWN (Brantford): That is all for the moment.

By Mr. Boisvert:

Q. Mr. Wismer, from your submission it appears that the congress that you represent would be in favour of national lotteries. You are surely aware that there was such a lottery organized and operated in France before 1939?—A. That is right.

Q. Have you any idea of the success the government of France has had with its national lottery?—A. I am afraid I cannot give you the facts and figures, no.

Mr. BOISVERT: That is all.

By Mr. Cameron:

Q. Your submission that national governments should go into the field of holding lotteries is based on the opinion of your organization that that is the majority opinion of the people of Canada, that they do not object to lotteries and, therefore, you think it would be perfectly proper for the dominion government to enter that field, to give to the people of Canada the right to take these chances, if they so desire, in a legal manner?—A. That the opportunity should be provided for the people of Canada to buy tickets in a lottery if they so desire.

Q. And you have read, I presume, the article, "Gambling in Canada", issued by the Board of Evangelism and Social Services of the United Church of Canada?—A. I am sorry, I have not.

Q. That seems to indicate that they do not feel that that is the majority opinion of the people of Canada.—A. Well, I can only say that there were no dissenting votes registered in our convention representing 600,000 Canadians.

Q. Are you seriously suggesting that the government of Canada should officially get into that field?—A. We are serious, yes.

Hon. Mr. McDONALD: How many delegates were there? Excuse me, I should not have asked that, I am out of turn.

The WITNESS: Something around 700.

By Mr. Shaw:

Q. I should like to ask Mr. Wismer if his congress has made a survey of any kind that would tend to indicate to the congress the situation in the several provinces of Canada today respecting the uniform enforcement of the present law. Have you made any survey provincially across Canada?—A. We have not made anything which you could call a national survey. I can suggest to you that our own people in discussing the situation which they find in their own regions say that a great deal of this sort of thing goes on. Certainly if you travel in this country you are bombarded with ticket-selling throughout the whole country, and come summer and early autumn, even here in the city of Ottawa, there is a car parked on every street corner with somebody selling tickets to raffle off that car. Without saying that it is a national survey, it is certainly our opinion that this goes on to a great extent in Canada.

Q. Mr. Wismer, would you, on the basis of the discussion which took place in your convention, have cause to feel that maybe the law as it stands today is enforced much more severely in some provinces than in others?—A. No, I cannot say that.

Mr. WINCH: The answer is "Yes".

By Mr. Shaw:

Q. That is my view, but I was waiting to see what Mr. Wismer thought. Mr. Wismer, has your congress secured the views of any of the attorneys general with respect to this matter, that is, extending to them the authority to grant or withhold approval?—A. No.

Q. Would you have cause to believe that they would be very reluctant about accepting that responsibility?—A. Some of them might; others might be very glad to see you relax the law.

Q. Would you have any reason to believe that probably the attorneys general might oppose it on the grounds that it would put them in an almost impossible position in trying to ascertain the legality or otherwise of the applicants? May I add one more question, then? Has your congress any views with respect to our ability to enforce the law as it stands today relating to lotteries? Does your congress think it is an enforceable law as it stands today? When I say "law", I mean in the sense that it takes in all sections.—A. No, it is not enforceable.

Mr. SHAW: That is all.

Mr. MURPHY: In your submission you talk of national lotteries. Do you think that all lotteries should be carried out on a national basis?

The WITNESS: I think there should not be allowed any lottery except on a national basis. The only legal lottery should be the one we are suggesting here.

The PRESIDING CHAIRMAN: You are not suggesting any illegal lotteries?

By Mr. Murphy:

Q. We assume there always will be.—A. I would suggest this: we get items in the newspapers from time to time as to who won in the Irish Sweepstakes, in the National Steeplechase, in the Army and Navy, and so on, and it is suggested that it is sufficiently interesting throughout Canada that they put it in streamer headlines. We know such lotteries go on and there appears to be no way to stop them, and it would be far better to take advantage of this nationally and let it be to the general advantage of the people of Canada.

Q. These lotteries would be operated by an organization such as yours?—
A. No. The national lotteries would have to be run, in our opinion, either by the government directly or by an agency which it agrees on for the purpose.

The PRESIDING CHAIRMAN: You mean, more civil servants?

Mr. DUPUIS: Yes, or banks.

The PRESIDING CHAIRMAN: Miss Bennett.

Hon. Mrs. HODGES: May I interject just here? Mr. Boisvert asked about the French state lottery. I have something here that says:

Press reports regarding a French state lottery, postwar, state that it was discontinued because net receipts were only about $3\frac{1}{2}$ per cent of the gross.

I thought I would mention that.

By Miss Bennett:

Q. I was rather curious, in reading over this submission, when I came to the last paragraph before the recommendation commencing at:

It is not our desire to enter into an argument on this matter from a moral point of view, and then dealing with the people's desires and habits. I was wondering if Mr. Wismer had considered just how far we could go as a country and as a government on entering into national schemes or passing national legislation without actually fundamentally considering the moral issues. I think the government more or less has to, seeing that is the fundamental basis of how you arrived at your conclusion. How far do you think a national government can go in passing legislation to cover people's desires and habits without some consideration of the moral background and the moral issues, having the viewpoint of the whole of the Canadian people in mind?—A. I suggest to the committee that a law which runs counter to the people's desires is an unenforceable law, which is the state in which this is now. There is so much desire and custom in Canada now to engage in various games of chance and that sort of thing, it is so widespread, that that in itself is the reason why the law is not enforced, although it may be true, as someone has suggested, that it is more rigidly enforced in some areas than in others. That being the case, it seems to us that parliament has a perfect right to take a look at that state of affairs and adjust the law so that it becomes an enforceable law, and if there is financial advantage to the community as a whole, to the nation, that it has a perfect right to take advantage of that financial situation.

Q. I do not want to enter into an argument on this, but if that was a general proposition would it not become dangerous from the standpoint of making laws? I am just dealing with this one type of thing, but if you went down the whole list of crimes, or whatever people might be doing, and if you just took that principle of considering their frequency and the apparent inability to legislate against them, we would be in a very serious condition. I am not saying we should or should not do this; but I am trying to look at it from the standpoint that the government might adopt in dealing with this, and I am questioning the basis that you use in summing up your proposition.—A. Let me put it another way. We have all lived through two eras in Canada, the prohibition era and the control era. It would seem to us that the control era is a more realistic era than the prohibition era was. Whatever habits the people had, whatever was morally right or wrong about the consumption of alcohol, the actual habits of the people were such in the prohibition era as to create much more habit than has been created so far in the control era. While I was not particularly anxious to raise that issue in relation to this question, it is the example which comes to me. I suggest to you, without dealing with the actual moral grounds of this question, that today in Canada

there is so much activity in chance-taking, risk-taking of this sort, that the law as it now stands appears to be unenforceable. The public does not want it enforced, and it seems to me that parliament, therefore, has a right to act, because presumably parliament exists for the purpose of dealing with the people's wishes.

Q. If there are others who wish to speak, I do not wish to pursue the argument, but I do think that in dealing with this question it might be somewhat unfortunate to say that we are not dealing with it at all from the moral point of view, because I think that in all government legislation, to legislate properly, we must consider it from that standpoint.

The PRESIDING CHAIRMAN: I am sorry, we cannot get this at the reporter's table here. Would you continue, Miss Bennett?

Miss BENNETT: I really have nothing further to say, Mr. Chairman, except that I do think that as a principle the moral issue is something we will have to deal with.

The WITNESS: I only want to say this, and I think if you read that sentence carefully it says: "It is not our desire to enter into an argument on this matter from a moral point of view." We have disregarded the morals. It was put in there intentionally that we are not coming to you to engage in a moral argument on this issue. We are aware as one member has mentioned that there are church groups interested, who believe the question should be raised from a purely moral angle. We were trying to talk to you as representatives of a great part of the public of Canada from the practical point of view.

By Mr. Mitchell:

Q. Mr. Chairman, the witness was asked whether or not any of the provincial attorneys general had been consulted, and that leads me to the next point. The attorney general is not only responsible for establishing the limit, but also for deciding what is a responsible organization. Is that the basis of your submission?—A. That is right.

Q. And the permits to conduct raffles are to be restricted to religious or charitable purposes?—A. Yes.

Q. They are?—A. To charitable purposes.

By Mr. Fulton:

Q. I was not quite clear, Mr. Chairman, on the point on page one of the submission, the second paragraph starting: "At that time we urged that 'the \$50 limit be maintained on draws sponsored by organizations'", etc. Do I understand what you have in mind there is that that part of the law as it stands now which does allow religious and charitable organizations to conduct lotteries at the \$50 prize limit should be left, and in addition there should be an extension of merchandise prizes in any value with the sanction of the attorneys general.—A. In general that is what we are trying to say.

Q. Would the sort of suggestion you have in mind extend to the provincial field? If it is the desire of a community to build a recreational center or memorial hall they might apply to the attorney general for permission to conduct a lottery for the purpose of raising those funds?—A. That would be a bigger project than we had in mind. We have in mind this sort of thing: For instance, in the city of Hamilton we have a substantial central labour body to which are affiliated the unions which form part of the Trades and Labour Congress of Canada in that district, who in the past as part of their labour day celebration raised money through this type of thing which they used in the wintertime for what might really amount to relief or charitable purposes. But it has more recently happened in Ontario that they have been more strict about this and will not let them do it any more. Actually very good social work

which they were able to do through this medium is now impossible. There is not any way a council of that sort could put on a levy to raise that money. They have no constitutional authority to do that sort of thing. It seemed to us if the law provided it that a council of that sort could quite easily satisfy the attorney general of the province of its responsibility and the value of its operation and as to the size of the raffle which would be necessary to get enough funds for those purposes.

Q. I was thinking of a case which was brought to my attention recently where a community hall in a small country community had burned down and was not insured and they wanted to build another one. That was why I asked you whether you would envisage the possibility, under the extension of the law which you are advocating here, that the community hall association might apply for permission to run a lottery?—A. That was beyond what we had in mind.

By Mr. Thatcher:

Q. Mr. Chairman, there is just one aspect I would like to query Mr. Wismer on. As I understand it, for many years in the United States there have been fairly widespread gambling activities and one of the results of those activities, if newspaper reports are correct, is that gamblers have been able to get hold of state organizations and corrupt the police and pay judges and courts in some cases. I do not suppose that could happen in Canada. Still, as a result of their experiences there is a danger of crookedness coming up in gambling of that kind. I can remember a case in Ottawa last year when one of the service clubs was running a bingo where a couple of these gentlemen came in and rigged the bingo so that the same two people would always win the prizes. In your brief, Mr. Wismer, you say that the congress suggests that there would be safeguards, and you say on page two: "There are ways of attaching safeguards." I would like you to tell me what those safeguards would be?—A. The next sentence says "the only way you can do it is through the government machinery".

Q. In the United States where they have state supervised lotteries they still could not find those safeguards. What specific safeguards are there which you have in mind.—A. Well, I would not like to suggest before a committee of this sort that there is any natural comparison between the approach of Canadians to these things and the approach of those people below the line. Our whole system of government is quite different and we do not go in for the sort of things they do in Washington.

Q. Would we not be emulating the American experiences?—A. No. If parliament gave the authority to establish an organization for the purpose of holding a national lottery I think we could assume as a start that as a Crown agency it would proceed in an objective manner and would have sufficient ability to make sure that those who sold the tickets and collected the money would do so as they should and that the money would not drift off into racketeers' pockets, but would be put in the national treasury.

Q. You say on page two that: "there are ways of attaching safeguards to national lotteries". I still would like to know what they would be in your opinion?—A. We have the same sort of safeguards in the protection of our money, in the protection of our bonds and all those things. We have worked it out so that the counterfeitors and racketeers and so on have not been successful in Canada in upsetting the activities of the Crown in that respect, and I suggest with the knowledge that goes with that that we would be able to protect any issue of tickets for a national lottery and make sure that the public who bought those tickets would know that their money got back where it was supposed to get in Ottawa or wherever the headquarters was and that there was no room

in it for racketeering, or if anyone found room we from experience know how to deal with that situation in the matter of financial instruments, which these would be.

The PRESIDING CHAIRMAN: Mrs. Shipley.

Mrs. SHIPLEY: I have no questions.

The PRESIDING CHAIRMAN: Hon. Mrs. Fergusson.

Hon. Mrs. FERGUSSON: No.

By Mr. Blair:

Q. Your proposal that lotteries should receive the approval of the provincial attorneys general is phrased in general terms. What do you think would happen if a provincial organization, an organization having branches all over the province, were to ask for approval for some gigantic charitable enterprise with a large number of prizes like automobiles and so on? How could a provincial attorney general resist that kind of thing in principle? Would you not have a lottery of the size and magnitude which would compete with a national lottery?

—A. My answer to you is certainly we at no time considered anything of this sort and if the language of our proposal is such to leave that open then I suggest some cap be put on it because we, of course, envisaged these local efforts.

Q. You would favour restrictions being placed on your proposal to avoid that kind of widespread provincial operation?—A. I will put it another way. We were not anxious to put restrictions on it. We would rather that the restrictions be put on it by the provincial attorney general having in mind the actual case in point. But if there is reason, from the questions which members of the committee have raised, that it is better that the cap be put in the law, we would go along with that.

Q. You think it would be better, if there are state operated lotteries, to have them operated by the federal government rather than by the provincial governments?—A. Yes.

The PRESIDING CHAIRMAN: I think the chair has probably been more than lenient today in the questioning which has taken place. May I ask the committee to confine themselves to the asking of questions, to the interrogation of the witness, rather than to the making of statements. I know several members have made long statements which take up the time of the committee and which will be more profitable probably when we are discussing the report which we will subsequently make. If we could take up the time now by strict interrogation it would be appreciated by the chair and by the other members of the committee.

By Mr. Dupuis:

Q. Do you suggest that all the proceeds after the defrayment of expenses and prizes shall become the property of the consolidated revenue fund?—A. That is right.

Q. Would you not preferably say that the receipts and the net amount should be distributed as they are in Ireland, for instance, to hospitals or any sort of recognized welfare organization by the city authorities or locally?—A. No. Not for the national lotteries. Our presentation on that is quite clear. We would not like to see the lottery replace the type of contribution for social security or social welfare. We see these things as something quite over and above the necessary cost of social security and social welfare, and we have suggested that whatever money would be raised in this way, whatever money was left over would go in the consolidated revenue fund the same

as any other money goes in. In other words, there would not be any suggestion go out that the lottery was replacing taxes or contributions or that the lottery would create any friction in the country whatsoever as to the purpose for which the money was being raised.

By Mr. Winch:

Q. I have two questions. Would Mr. Wismer comment in view of his position and contact with the membership of the Trades and Labour Congress as to whether or not in his opinion the majority of the adults in Canada have bought or do buy raffle tickets, sweepstake tickets, and bet on horses? —A. I will rule out the horses, but I am satisfied that the majority of Canadians participate in lotteries or things of that sort.

Q. One other question, Mr. Chairman. Outside of the legal aspect of the situation at the moment, has Mr. Wismer differentiated in any way between a citizen risking money on horses which is legal and buying a lottery or raffle ticket which is illegal? —A. I cannot differentiate between the two things in my own mind.

By Mr. Fairey:

Q. I am confused about this national lottery and how much money would go into the consolidated revenue fund. Am I wrong in assuming your idea is the lottery shall be conducted by the federal government and total receipts after deductions or operating costs shall then, most of it, be distributed in prize money? —A. I would think that a national lottery should disperse in prize money a sizable part of it. That is, I do not think it should be organized and run for the purposes of swelling the national treasury.

Q. That is what is confusing me. You said several times the money would go into the consolidated revenue fund. I am wondering what proportion of the total receipts you had in mind because, and Mr. Winch also raised the point, the prize money was to be taxable? —A. I would say to the committee that the $3\frac{1}{2}$ per cent in France is a little too low to run a lottery on. I would say that it should be a reasonable percentage of the money collected which would find its way into the national treasury; but I am not prepared to say whether that should be 20 or 30 or 50 per cent.

Q. Let us say we had decided to do this and advertised a national lottery, what would be the purpose of the lottery? To raise money for the government? —A. I would say the purpose of the lottery is the same for all gambling, it gives Canadians a chance to win some money.

By Hon. Mrs. Fergusson:

Q. If you permitted organizations to hold raffles would they not compete with others and dry up philanthropic giving? Would the people not feel they have given to that charity and it would dry up the giving of charitable donations, which to my mind are a good thing? —A. I think the people who raised this question with us are very substantial contributors to Red Feather campaigns and Red Cross and organized welfare organizations in Canada, and they were thinking not of transplanting or hindering that activity, but it is their own activity which is raised in that direction. That is, I have in mind a council in Vancouver, Hamilton or Halifax or Montreal. The individual people who are represented in that council were not thinking that they should no longer contribute to the Red Feather or the Red Cross; they were thinking in terms of activity of their own which would be more easily operated through a campaign of their own among their membership.

Q. That is alright for the supporters of the Red Cross or the Red Feather who are anxious to raise money and who will make contributions to it under

any circumstances, but would it not dry up contributions from the smaller individuals who feel after they have bought a 25 cent ticket for Red Feather that there is no need to make donations when there is a call?—A. Well I doubt that. The Red Cross campaign is a national campaign and so would not come in under this at all, and the Red Feather campaigns although run locally are generally part and parcel of a whole national campaign at the same time. I think what we are suggesting is, after all, something of quite a local nature.

Q. In Australia where they do have national lotteries and contribute from those to the hospitals, I believe they find now their donations to the hospitals are entirely dried up whereas before the lotteries they did get contributions to the hospitals.—A. That is one of the reasons, under the national lotteries, we do not want the money earmarked for anything.

By Mr. Shaw:

Q. I would like to ask Mr. Wismer if his congress has any reason to believe people who buy lottery tickets today do not contribute to such organizations as represented by Senator Fergusson?—A. We have no reason to believe that.

Q. Secondly, would your congress favour putting this issue to the Canadian people at the time of the next election in the form of a plebiscite?—A. Yes.

By Mr. Fairey:

Q. The witness says that the old law is unenforceable in lotteries and so forth, and what right have we to suppose that any other law would be more enforceable than the present law? Could they not get under that the same as under the present law?—A. Perhaps so. Perhaps on the other hand, relaxing it to that extent, it would be easier to control the rest of it.

By Mr. Winch:

Q. I have one more supplementary question. Under the present law it is a federal law but it is very definite that there is a great deal of differentiation as to how it is enforced in the provinces and particularly there is a terrific differentiation between the province of Quebec and the Province of British Columbia, and because of that differentiation sweepstakes which are allowed in Quebec are sold in British Columbia. Under this presentation you are going to give a great deal of leeway to the provincial attorneys general. In view of the present situation may not that then accentuate the differentiation already existing in the administration of the federal law of lotteries and sweepstakes?—A. It may.

The PRESIDING CHAIRMAN: Now, ladies and gentlemen, we have had a very interesting presentation here on the question of lotteries.

Mr. Bengough and Mr. Wismer, the task of this committee is to study capital punishment and corporal punishment and lotteries. It is your intention to have anything to say with respect to capital punishment or corporal punishment?

Mr. BENGOUGH: No. We have no mandate from our membership in that respect at all.

Hon. Mr. McDONALD: Perhaps these gentlemen would like to say something individually; they may have their own views.

Mr. BENGOUGH: Would that be of value?

The PRESIDING CHAIRMAN: I think we should take a collective view rather than an individual view.

Mr. MURPHY: I wonder if they realize that if lotteries are run by the government that the members of parliament would not be able to buy tickets?

The PRESIDING CHAIRMAN: I do not know that members of parliament do buy tickets. I can only speak for myself, and I have bought no tickets. However, I think we can pass that now. I want to thank Mr. Bengough and Mr. Wismer for their presentation, which I am sure has been very enlightening and, I trust, will be helpful to the committee in its deliberations.

Before adjourning the meeting, may I ask that the steering committee please remain after this meeting, as we have some matters to deal with.

The next meeting will be on Tuesday next, the 23rd of March, at which time we will have Warden R. M. Allan, of Kingston Penitentiary, before us.

Hon. Mrs. HODGES: At what time?

The PRESIDING CHAIRMAN: Eleven a.m., on the subject of corporal punishment.